

# GLOBAL SELECT FUND

## At a glance

### Performance\*

The Fund returned 5.73%, the Index returned 3.34% and the Sector returned 3.12%.

### Contributors/detractors

Stock selection drove relative performance, especially in the utilities and energy sectors.

### Outlook

We remain on the lookout for pockets of opportunity where we believe the potential for free-cash-flow growth is underestimated by the market.

## Portfolio management



Julian McManus



Christopher O'Malley, CFA

## Investment environment

Global equities rose as resilient economic growth and robust corporate earnings created a positive backdrop for risk assets.

Inflation metrics declined in most countries, leading to expectations that central banks may reduce interest rates.

All sectors of the MSCI AC World Index had positive performance for the month, with the strongest returns in energy and materials. The consumer discretionary sector had the lowest relative performance.

## Portfolio review

Top positive contributors to relative fund performance included Vistra Energy, one of the largest independent power producers in the US. The company's efforts to revamp its business model and reduce its earnings volatility have led to strong financial performance and accelerating free cash flow growth. Additionally, investors have viewed companies such as Vistra as potential beneficiaries of artificial intelligence (AI), given the tremendous amounts of electricity needed to power AI workloads. Vistra became a major US supplier of nuclear power through its acquisition of Energy Harbor.

Marathon Petroleum was another notable contributor. The integrated energy company has reported robust earnings

trends, including fourth-quarter results that topped consensus forecasts. Profit margins on refined petroleum products have remained strong, as licensing restrictions and geopolitical tensions have led to favourable demand/supply dynamics. For Marathon Petroleum, strong demand and higher spreads have translated into very strong earnings and free cash flow, which the company has been very disciplined about returning to shareholders through stock repurchases.

Taiwan Semiconductor Manufacturing (TSMC) was another notable contributor. TSMC is the world's largest foundry manufacturer of semiconductors and controls over 50% of its global market. It is also a major fabricator of the graphic processing units that will be integral of the AI build-out. We believe it has long-term potential, supported by its technology leadership in manufacturing and packaging.

Hong Kong-based global insurer AIA Group was a relative detractor. While AIA Group has broad exposure to the Asian market, most of its existing business and growth opportunities have been in China. Consequently, the stock faced headwinds as weaker discretionary spending in China reduced demand for some insurance products. Despite near-term macroeconomic uncertainty, we remain positive about the company's underlying fundamentals and balance sheet. We are also constructive on long-term trends for the global insurance industry, supported by innovation and rising living standards.

## Marketing communication

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**Past performance does not predict future returns.**

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\*For benchmark and sector, if applicable, refer to Fund details on page 3. For relevant descriptions, risks and the Fund's investment policy statement, refer to Additional fund information on page 4.

Relative performance was dampened by the fund's underweight position in graphic chipmaker NVIDIA, as the stock was a strong performer for the index. NVIDIA's data centre graphics processing units (GPUs) have been in high demand to support the deployment of generative AI. Robust demand from the data centre segment has continued to drive strong revenue growth, while results for the gaming segment were better than expected. Despite these fundamentals, we feel comfortable with our current positioning in the stock given its valuation and relatively sizable weighting in the Index.

### Manager outlook

We have welcomed signs of stabilising economic fundamentals following a challenging period of elevated inflation, higher interest rates and recession fears. The fact that global markets weathered this period so successfully has given us confidence in the underlying health of the global economy and financial system. As macroeconomic concerns have receded, we have been pleased to see investors focus more on individual company fundamentals.

In our view, this creates a favourable backdrop for our active, bottom-up stock selection.

We continue to seek out companies with healthy balance sheets, sustainable earnings growth and superior forward free-cash-flow visibility that we believe are undervalued by the market. As we have sought such opportunities, we have increased the fund's position in Japan, where we have identified a number of companies that are showing a greater commitment to capital efficiency and shareholder value. Moreover, after decades of deflation, inflation has also been a positive factor helping to drive improved wage growth and consumer spending in Japan.

At the same time, we remain relatively cautious and highly selective in our approach to China, as we recognise near-term uncertainty over economic growth and the timing of potential stimulus policies. Above all, we remain committed to a disciplined, fundamentals-driven approach that we believe is key to delivering long-term capital appreciation for our investors.

Performance (%)

Returns	Cumulative				Annualised		
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year
A2 EUR (Net)	5.73	17.29	17.29	26.64	8.47	11.14	12.39
Index	3.34	10.66	10.66	23.95	10.01	11.78	11.43
Sector	3.12	9.56	9.56	20.09	7.71	9.66	9.16
A2 EUR (Gross)	—	—	—	—	—	12.96	14.28
Target	—	—	—	—	—	14.57	14.22

Calendar year	YTD at Q1											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	
A2 EUR (Net)	17.29	9.51	-18.53	28.39	13.26	27.07	-2.95	14.16	6.44	16.75	20.27	
Index	10.66	18.07	-13.01	27.54	6.65	28.93	-4.84	8.89	11.09	9.22	19.23	
Sector	9.56	15.04	-14.11	25.45	4.94	26.15	-7.68	8.32	6.90	9.38	15.37	

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Fund charges will impact the value of your investment. In particular, the ongoing charges applicable to each fund will dilute investment performance, particularly over time. For further explanation of charges please visit our Fund Charges page at [www.janushenderson.com](http://www.janushenderson.com).

Note that any differences among portfolio securities currencies, share class currencies and costs to be paid or represented in currencies other than your home currency will expose you to currency risk. Costs and returns may increase or decrease as a result of currency and exchange rate fluctuations.

Investment objective

The Fund aims to provide capital growth over the long term. Performance target: To outperform the MSCI All Countries World Index by 2.5% per annum, before the deduction of charges, over any 5 year period.

For the fund's investment policy, refer to the Additional fund information on page 4.  
**Past performance does not predict future returns.**

Fund details

Inception date	29 October 2004
Total net assets	292.19m
Asset class	Equities
Domicile	Luxembourg
Structure	SICAV
Base currency	USD
Index	MSCI All Country World Index <sup>SM</sup>
Morningstar sector	Global Large-Cap Blend Equity
SFDR category	Article 8

In accordance with the Sustainable Finance Disclosure Regulation, the Fund is classified as Article 8 and promotes, among other characteristics, environmental and/or social characteristics, and invests in companies with good governance practices.

## Additional fund information

Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change. Please note the performance target is to be achieved over a specific annualised time period. Refer to the performance target wording within the objective. Availability of share classes shown may be limited by law in certain jurisdictions. Performance records/scenarios are detailed within the fund's specific KIID/KID; fees and charges, and the respective risk rating may vary. Further information can be found in the fund's prospectus and KIID/KID, which must be reviewed before investing. Please consult your local sales representative and/or financial adviser if you have any queries. From 29 November 2023, the Fund changed its name and investment strategy. Past performance shown before 29 November 2023 was achieved under circumstances that no longer apply. From 29 November 2023, the Janus Henderson Global Select Fund moved from the Global Large-Cap Growth Equity sector to the Global Large-Cap Blend Equity. From 26 January 2024, Christopher O'Malley, CFA, also co-manages this fund. This is a Luxembourg SICAV Fund, regulated by the Commission de Surveillance du Secteur Financier (CSSF). These are the views of the author at the time of publication and may differ from the views of other individuals/teams at Janus Henderson Investors. Any securities, funds, sectors or indices mentioned within this article do not constitute or form part of any offer or solicitation to buy or sell them. The information in this commentary does not qualify as an investment recommendation. Investment into the fund will acquire units/shares of the fund itself and not the underlying assets owned by the fund. The ongoing charge is calculated using the PRIIP methodology. The PRIIP methodology differs to the UCITS ongoing charge methodology, as the PRIIP methodology captures additional recurring charges, including but not limited to: Interest paid on borrowing (e.g. bank interest); Any fees incurred in relation to stock-lending activity (i.e. the fee paid to the lending agent); Any costs associated with holding closed-ended vehicles. Cash balances and exposures are based on settled and unsettled trades as at the reporting date.

### Investment policy

The Fund invests at least two-thirds of its assets in a concentrated portfolio of shares (equities) and equity-related securities of companies, of any size, in any industry, in any country. The Fund may also invest in other assets including cash and money market instruments. The Investment Manager may use derivatives (complex financial instruments) to reduce risk or to manage the Fund more efficiently. The Fund is actively managed with reference to the MSCI All Countries World Index, which is broadly representative of the companies in which it may invest, as this forms the basis of the Fund's performance target. The Investment Manager has discretion to choose investments for the Fund with weightings different to the index or not in the index, but at times the Fund may hold investments similar to the index.

### Investment strategy

The Investment Manager seeks to grow capital by investing in companies with strong or improving cash flow. The Fund considers both growth criteria (i.e. where company earnings are expected to grow at an above-average rate), and value criteria (i.e. where share prices are expected to increase), to identify the best companies to invest in. These Companies will typically operate in markets that the Investment Manager believes offer sustainably high levels of growth at a reasonable price. The investment process looks to identify meaningful differences between the Investment Manager's analysis and the market's expectations. Taking a disciplined approach to portfolio construction and risk management, the Investment Manager aims to ensure that stock selection is the primary driver of returns.

### Fund specific risks

The Fund follows a growth investment style that creates a bias towards certain types of companies. This may result in the Fund significantly underperforming or outperforming the wider market. When the Fund, or a share/unit class, seeks to mitigate exchange rate movements of a currency relative to the base currency (hedge), the hedging strategy itself may positively or negatively impact the value of the Fund due to differences in short-term interest rates between the currencies. The Fund could lose money if a counterparty with which the Fund trades becomes unwilling or unable to meet its obligations, or as a result of failure or delay in operational processes or the failure of a third party provider. Shares/Units can lose value rapidly, and typically involve higher risks than bonds or money market instruments. The value of your investment may fall as a result. Emerging markets expose the Fund to higher volatility and greater risk of loss than developed markets; they are susceptible to adverse political and economic events, and may be less well regulated with less robust custody and settlement procedures. This Fund may have a particularly concentrated portfolio relative to its investment universe or other funds in its sector. An adverse event impacting even a small number of holdings could create significant volatility or losses for the Fund. The Fund may use derivatives with the aim of reducing risk or managing the portfolio more efficiently. However this introduces other risks, in particular, that a derivative counterparty may not meet its contractual obligations. If the Fund holds assets in currencies other than the base currency of the Fund, or you invest in a share/unit class of a different currency to the Fund (unless hedged, i.e. mitigated by taking an offsetting position in a related security), the value of your investment may be impacted by changes in exchange rates. Securities within the Fund could become hard to value or to sell at a desired time and price, especially in extreme market conditions when asset prices may be falling, increasing the risk of investment losses.

Janus Henderson  
INVESTORS

FOR MORE INFORMATION PLEASE VISIT [JANUSHENDERSON.COM](https://www.janushenderson.com)

Source: Janus Henderson Investors, as at 31 March 2024, unless otherwise noted.

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